

NUTRITION SERVICES DIVISION MANAGEMENT BULLETIN

No.: 00-407

TO:	All Food Distribution Agencies	ISSUE DATE: May 2000
FROM:	Commodity Distribution Unit, Food Distribution Program	
ATTENTION:	Food Service Directors	
SUBJECT:	United States Department of Agriculture (USDA) Commodity Loss Procedures	
REFERENCE:	Commodity Administrative Manual, Chapter 11	

This management bulletin provides information on the commodity loss procedures delineated in Chapter 11 of the Commodity Administrative Manual.

Any USDA-donated food may become out-of-condition or unusable for the meal program because of problems such as shipping damage, improper processing, poor storage practices, fire, theft, or equipment malfunction.

Any USDA-donated food that is no longer usable must be reported to the Food Distribution Program (FDP). The following are the procedures used to report a commodity loss:

- Contact the commodity consultant serving your area to obtain the "Report of USDA Commodity Loss" form. (A sample of this form is attached.)
- Complete the form including a detailed description of the loss.
- Return the form to the commodity consultant. **The unusable food should not be destroyed or disposed of without the approval of the FDP.** It must be stored away from usable food until instructions are received from the FDP on handling or disposition of the food.

The commodity consultant will inform the agency whether or not it is responsible for the current fair market value of the food. Losses resulting from improper storage or negligence will become the agency's responsibility. Commodity losses with a fair market value exceeding \$2,500 are referred to USDA for determination of responsibility for the loss.

Under USDA regulations, the agency has the following two options to cover commodity losses:

- The first option is to purchase replacement foods of like kind and comparable quality that equal the value of the loss. If the agency chooses this option, it must submit invoices to the FDP to show "proof of purchase" for the replacement of the commodities. *USDA specifies that USDA-donated foods shall not be used for replacement purposes.*
- The second option is to send a check to the California Department of Education (CDE) for the amount of the loss.

Depending upon the nature of the loss, a claim for donated food must be repaid or replaced within one to six months. If an agency does not resolve the commodity loss, suspension from the program may occur. When repayment or replacement for the loss is made, the agency may be reinstated.

As a reminder, agencies that agree to receive USDA-donated foods are required to comply with the following specific storage requirements:

- Maintain accurate inventory records and utilize commodities within six months of receipt or by the best if used by date.
- Maintain proper storage temperatures to prevent spoilage.
- Maintain secure storage areas to safeguard against theft.
- Insure storage areas are free from rodent, insect, and other infestation.

If you have any questions regarding this management bulletin, please contact: Amy Bell, R.D., Child Nutrition Consultant for Southern California, at (916) 322-5051 or abell@cde.ca.gov; Carol Guenther-Wilson, Child Nutrition Consultant for Northern California, at (916) 324-9875 or cguenthe@cde.ca.gov. To leave a message, you may also call (800) 952-5609.

Marilyn Briggs, Director
Nutrition Services Division
Assistant Superintendent of Public Instruction

Kathy B. Lewis
Deputy Superintendent
Child, Youth and Family Services Branch

The U.S. Department of Agriculture (USDA) and the California Department of Education's Nutrition Services Division (NSD) prohibit discrimination in all their programs and activities on the basis of race, color, national origin, gender, religion, age, or disability.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA and NSD are equal opportunity providers and employers.